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INDIA BUSINESS SUMMIT AND SPIN-OFF TRADE MISSIONS

An Incredible Business Opportunity for Your Company!

We are pleased to inform you about a tremendous business opportunity — the U.S. Department of Commerce's India Business Development Mission scheduled for this November. Led by Under Secretary for International Trade Franklin L. Lavin and consisting of a business summit in Mumbai and spin-off missions to six cities, our India Mission is designed to provide U.S. firms and individuals with the information, tools, and contacts they need to do business in India.

Insights and Networking - You can start your exploration of India's diverse and booming markets by registering for the India Business Summit. Participants will have access to India's high-level business, industry, and government decision makers as well as opportunities to gain timely insights into India's trade and investment climate during strategic breakout sessions.

One-on-One, Prescreened Business Appointments - In addition to the Summit, you can register for spin-off missions to one of six major commercial centers throughout India. Our trade specialists from Commercial Service posts across India will help you secure meetings with prescreened agents, distributors, professional association representatives, government contacts, and licensing or joint venture partners in Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, or New Delhi.

Learn more about Under Secretary Lavin's India Business Development Mission. Visit www.export.gov/indiamission to find:

- Mission details and registration instructions.
- A schedule of Commercial Service webinars on doing business in India.
- The cities and dates for our India road show which starts in August and is tentatively scheduled to stop in Los Angeles, Cincinnati, Miami, Minneapolis, Houston, Charlotte, Baltimore, and Westchester (NY).

If you have any questions about the mission, webinars or events, contact us at little.rock.office.box@mail.doc.gov or 501-324-5794 or 1-800-USA-Trade Option#21.

CAFTA-DR: WHEN WILL YOUR PRODUCT BECOME DUTY FREE?

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The Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) includes seven signatories: the United States, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The U.S. Congress approved the CAFTA-DR in July 2005, and the President signed it into law on August 2, 2005. The CAFTA-DR has been approved by the legislatures in the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. Approval is pending in Costa Rica.

The United States is implementing the CAFTA-DR on a rolling basis as countries make sufficient progress to complete their commitments under the Agreement. The Agreement first entered into force between the United States and El Salvador on March 1, 2006. On March 31, 2006, the President issued a proclamation implementing the CAFTA-DR for Honduras and Nicaragua on April 1, 2006.

The U.S. Government continues to work with the remaining three CAFTA-DR partners to ensure timely and full implementation of the Agreement.

Duty Reduction

More than 80% of U.S. exports of consumer and industrial goods became duty free when the agreement went into force. The remaining tariffs will be phased out over a ten-year period. Duties on remaining U.S. products will be phased out over a period of up to 20 years.

To determine when your product will become duty free in a particular CAFTA-DR country, you'll need to know the correct Harmonized System (HS) number for your product. Once you have the correct HS number, click on the Tariff Schedule listed below for the country of import to determine when and at what rate your duty is reduced.

Here are the web links for the individual country tariff schedule:

- United States Tariff Schedule
- El Salvador Tariff Schedule
- Honduras Tariff Schedule
- Nicaragua Tariff Schedule
- Costa Rica Tariff Schedule
- Dominican Republic Tariff Schedule
- Guatemala Tariff Schedule

After each HS number and description, you'll find letter that indicates your product's "staging category." These staging categories indicate when your product will become duty free. Except as otherwise noted in the General Notes section to each tariff schedule, the codes are generally defined as follows:

Category A: Goods (there are unique rules for textile or apparel goods) will be duty-free immediately on the date that the Agreement enters into force.

Category B: Duties will be eliminated in five equal annual stages beginning on the date the Agreement enters into force, and shall be duty-free effective January 1 of year five.

Category C: Duties will be eliminated in 10 equal annual stages beginning on the date the Agreement enters into force, and shall be duty-free effective January 1 of year 10.

Category D: Duties will be eliminated in 15 equal annual stages beginning on the date the Agreement enters into force, and shall be duty-free effective January 1 of year 15.

Category E: Duties will remain at base rates for years one through six. Duties shall be reduced by 8.25%of the base rate on January 1 of year seven and by an additional 8.25% each year thereafter through year 10. Beginning January 1 of year 11, duties shall be reduced by an additional 13.4% annually through year 15, and such goods shall be duty-free effective January 1 of year 15.

Category F: Duties will remain at base rates for years one through 10. Beginning January 1 of year 11, duties shall be reduced in 10 equal annual stages, and such goods shall be duty-free effective January 1 of year 20.

Category G: Goods already receiving duty-free treatment shall continue to receive duty-free treatment under the Free Trade Agreement.

Category H: Goods in this category will continue to receive most-favored-nation treatment.

Categories M through Y: In addition to the staging categories listed above, the Agreement has country-specific schedules that contain staging categories M through Y. These categories may be found in the General Notes of the country-specific tariff elimination schedule.

CAFTA CERTIFICATE OFORIGIN

Information provided by
Mark Siegelman
U.S. Dept. of Commerce
Central America Desk/MAC

While a form is not mandated in CAFTA, we do have the sample certification on the TIC FTA website (www.cafta.gov) that everyone can use. The specific page with the link to the form is: http://www.export.gov/fta/complete/CAFTA/DecOrigin.asp?dName=CAFTA

ASK THE EXPERTS

From the July 2006 Edition of IOMA'S "Managing Exports and Imports©
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MIE's 'Ask the Experts' team—Alan Gaudio, Robert Imbriani, and Joseph Zodl, consultants for Unz & Co.—answer readers' import- or export-related questions. This month's column is by Joseph Zodl, author of "Export-Import: Everything You and Your Company Need to Know to Compete in World Markets," now in its fourth edition (2006, International Import-Export Institute, 800-474-8013; $39.99). We attempt to answer all inquiries submitted but cannot guarantee a response. Readers may submit questions to mailto:cdhorner@ ioma.com.
Readers wishing to "Ask the Experts" other export or import related questions can submit them to the editor at cdhorner@ioma.com

Tom Bauer, BadgerMeter Inc. asks:
Can you provide information on regulations for exporting into Canada? Brokerage? How does GST work? Nonresident importer?

Zodl: "Exporting into Canada" and "importing into Canada" are two different animals. Exporting involves compliance with U.S. export regulations, while importing into Canada involves clearing Canadian Customs. Customs brokers licensed by the Canadian government perform brokerage. They can advise in advance on details such as duty rates, quotas, marking regulations, and other matters. Many U.S. exporters use a term of sale that provides that the Canadian buyer will arrange all Customs clearance and undergo all the expense. Generally, this is a good idea because the Canadian and U.S. companies are dealing with only their own governments.

Canadian brokers can be found by contacting the Canadian Customs office at the port of entry or city of destination. In many cases, your own U.S. freight forwarder or broker will have an office or an affiliate in Canada.

While the U.S. has no export duties, it's important to remember that many U.S. products going to Canada (or Mexico) do not qualify for NAFTA, and so many products are dutiable on entry. Don't assume here, but check the regulations. Penalties for preparing a false NAFTA Certificate of Origin (on a product that doesn't qualify) are stiff, and the Canadian duty would ultimately be due anyway.

GST is the "Goods and Services Tax," which generically is called a "value-added tax." At this writing, it is 7%, and provinces also have a similar tax.

These are common outside the United States and are similar in concept to a national sales tax. The importer of record pays the GST along with any duties. A feature of the GST is that the tax can be recovered along the way. Example: Importer buys a CA$1.00 product and pays CA$.07 tax at the time of import.

When he sells it to his buyer for CA$2.00, he collects CA$.14 tax, but takes a credit for the seven cents already paid and pays the remaining CA$.07 to the government. This is easy if a Canadian company is the importer of record, but it can sometimes be difficult if you are a nonresident Canadian importer, so it must be researched.

The nonresident importer (NRI) is a non-Canadian company that makes arrangements with the Canadian government to hold this status. The key is that you register with the Canadian Border Services Agency (CBSA) and maintain records in Canada, which can be at your Canadian broker's office. A Canadian broker can help you with this program, and it should not be attempted without one. The Canada Commercial Invoice (obtainable from your Canadian importer, your freight forwarder, or from the CBSA Web site: http://www.cbsa-asfc.gc.ca/menu-e.html is generally requested for shipments of CA$1,600 (US$1,405 as of this writing) or more.

The fine print says that your regular commercial invoice can still be used, providing it contains all the required information. Most U.S. exporters find it easier to use the CCI and fill in the fields as they go.

UCA INTERN OPPORTUNITY

The University of Central Arkansas provides training and opportunities for students to gain experience in the global marketplace. Students in the International Trade major and the International Studies major are encouraged to secure employment while enrolled which will permit them to apply what has been learned in the classroom to the real world. This is accomplished through an internship or part-time employment.

These experiences are a result of a three-way partnership between the university, the student and an employer. Employer partners hire students who have the skills needed by their organization. This gives them an opportunity to meet human resource needs, bring in new ideas and preview a prospective employee.

The university continues to develop relationships with employers who are doing business in the global marketplace and need to hire talented people. If your company has such a need and is interested in becoming an employer partner please contact the Office of Cooperative Education University of Central Arkansas by calling 501-450-5170 or email Ron Edwards (redwards@uca.edu)

We hope you've enjoyed this edition of our newsletter. Any mention of non-government sources does not constitute endorsement.

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